EXPLANATORY MEMORANDUM TO

THE CUSTOMS (NORTHERN IRELAND) (EU EXIT) (AMENDMENT) (NO. 2) REGULATIONS 2026

2026 No. 418

1. Introduction

1.1 This Explanatory Memorandum has been prepared by His Majesty's Revenue and Customs ("HMRC") on behalf of His Majesty's Treasury and is laid before the House of Commons by Command of His Majesty.

1.2 This memorandum contains information for the Select Committee on Statutory Instruments.

2. Declaration

2.1 Dan Tomlinson MP, Exchequer Secretary to the Treasury, confirms that this Explanatory Memorandum meets the required standard.

2.2 Hermione Mackay, Deputy Director for Northern Ireland Customs Policy at HMRC, confirms that this Explanatory Memorandum meets the required standard.

3. Contact

3.1 Tauseef Ahmad in the Northern Ireland Customs Policy team at HMRC can be contacted by email at the following address with any queries regarding the instrument: tauseef.ahmad1@hmrc.gov.uk.

Part One: Explanation, and context, of the Instrument

4. Overview of the Instrument

What does the legislation do?

4.1 This instrument changes the commencement date of the Customs (Northern Ireland) (EU Exit) (Amendment) Regulations 2026 (S.I. 2026/393) ("the 2026 Regulations") from 20 April 2026 to 25 May 2026. When they come into force on 25 May, the 2026 Regulations will introduce optional facilitations within the Northern Ireland 'duty reimbursement scheme' ("DRS") that will make it easier for businesses to benefit from remission or repayment of customs duty chargeable when they bring goods into Northern Ireland.

Where does the legislation extend to, and apply?

4.2 The extent of this instrument (that is, the jurisdiction(s) which the instrument forms part of the law of) is the United Kingdom.

4.3 The territorial application of this instrument (that is, where the instrument produces a practical effect) is the United Kingdom. The instrument applies in relation to customs duty chargeable on the entry of goods to Northern Ireland.

5. Policy Context

What is being done and why?

5.1 This instrument is being introduced to amend the commencement date of the 2026 Regulations. The EU has an interest in how the DRS operates, requiring close

cooperation with HMRC. To ensure adequate EU internal procedures could be completed, a decision was taken to extend the time for this to take place. As a result, and in order to mitigate the risk of delay beyond the Regulations' commencement, the Government agreed a revised timetable with the EU and progressed the necessary amending legislation to implement it as soon as possible.

What was the previous policy, how is this different?

5.2 Policy in relation to the remission or repayment of customs duty chargeable when goods are brought into Northern Ireland is set out in the Explanatory Memorandum for the 2026 Regulations[1], and this policy remains unchanged. This instrument concerns only the commencement date of the 2026 Regulations.

6. Legislative and Legal Context

How has the law changed?

6.1 The instrument specifies a commencement date of 25 May 2026 for the 2026 Regulations. This commencement date replaces the originally planned commencement date of 20 April 2026.

Why was this approach taken to change the law?

6.2 This is the only possible approach to make the necessary changes.

7. Consultation

Summary of consultation outcome and methodology

7.1 No consultation was required, as this instrument does not introduce any substantive policy changes. It concerns only the commencement date of the 2026 Regulations.

8. Applicable Guidance

8.1 HMRC guidance on remission or repayment of customs duty chargeable when goods are brought into Northern Ireland is located on the GOV.UK website. The guidance products will be updated when the 2026 Regulations are implemented.

Part Two: Impact and the Better Regulation Framework

9. Impact Assessment

9.1 A Tax Information and Impact Note (TIIN) covering the 2026 Regulations has been published on the GOV.UK website[2]. A TIIN has not been prepared for this Instrument as it contains no substantive changes to tax policy.

Impact on businesses, charities and voluntary bodies

9.2 The impacts of the 2026 Regulations on business, charities or voluntary bodies is expected to be positive, as the changes will grant those persons who bring goods into Northern Ireland increased flexibility. Although the impacts of the 2026 Regulations

[1] The Explanatory Memorandum for the 2026 Regulations can be accessed at: Customs, VAT and excise UK transition legislation from 1 January 2021: www.gov.uk/government/collections/customs-vat-and-excise-uk-transition-legislation-from-1-january-2021

[2] Tax Information and Impact Note: https://www.gov.uk/government/collections/tax-information-and-impact-notes-tiins

will not be felt until slightly later than original intended, business, charities and other stakeholders will still be able to make claims in respect of duty incurred during this period after they come into force. The eligibility requirements to make a claim in respect of any duty amounts incurred during this period will not change as a result of this delay.

9.3 The legislation does impact small or micro businesses.

9.4 No measures are proposed to minimise the impact of the requirements on small or micro businesses (employing up to 50 people). The changes made by this instrument concern general customs rules that apply to all businesses which incur duty when they bring goods into Northern Ireland.

9.5 There is no, or no significant, impact on the public sector

10. Monitoring and review

What is the approach to monitoring and reviewing this legislation?

10.1 The approach to monitoring this legislation is to keep the customs rules set out in the 2026 Regulations under review through ongoing engagement with businesses and their representatives, and compliance activity.

10.2 The instrument does not include a statutory review clause and, in line with the requirements of the Small Business, Enterprise and Employment Act 2015, Dan Tomlinson MP, Exchequer Secretary to the Treasury, has made the following statement:

"A statutory review clause is not included in the instrument because the instrument relates to a tax or duty, and therefore meets the requirements of the exemption set out in section 28(3)(a) of the Small Business, Enterprise and Employment Act 2015".

Part Three: Statements and Matters of Particular Interest to Parliament

11. Matters of special interest to Parliament

11.1 This instrument comes into force less than 21 days after it was laid. The instrument changes the commencement date that was originally planned for the 2026 Regulations (20 April 2026), so it needs to come into force before that date. The Government has urgently taken forward this amending instrument such that it has been laid today and comes into force on 19 April 2026, amending the entry into force date for the underlying Regulations to 25 May 2026.

11.2 The instrument was not laid sooner because the EU has an interest in how the DRS operates, requiring close cooperation with HMRC, and this meant the Government needed to agree a revised timeline with the EU to progress changes jointly. Whilst this has meant the instrument will not observe the 21-day convention, the Government's approach has overall sought to account for the 21-day convention in relation to the substantive policy in the 2026 Regulations, allowing 40 days until the new commencement date (25 May 2026).

12. European Convention on Human Rights

12.1 As the instrument is subject to negative procedure and does not amend primary legislation no statement is required.

13. The Relevant European Union Acts

13.1 This instrument is not made under the European Union (Withdrawal) Act 2018, the European Union (Future Relationship) Act 2020 or the Retained EU Law (Revocation and Reform) Act 2023 (“relevant European Union Acts”).